

Message Text

CONFIDENTIAL

PAGE 01 CAIRO 14060 241544Z
ACTION SS-25

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R 241413Z AUG 77
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 8661
INFO AMCONSUL ALEXANDRIA
AMEMBASSY DAMASCUS

C O N F I D E N T I A L CAIRO 14060

EXDIS

E.O. 11652: GDS
TAGS: EINV ETRD EG US
SUBJ: FORD PROJECT

REF: (A) CAIRO 13781, (B) CAIRO 13490

1. DURING MEETING WITH PRIMIN MAMDUH SALEM THIS MORNING, I REAISED FORD PROJECT. RECALLED THAT AFTER ALMOST TWO YEARS OF DISCUSSION BETWEEN FORD AND GOE REPS, PRINCIPAL OUTSTANDING ISSUES SEEMED TO HAVE BEEN RESOLVED. AS HE KNEW, WE HAVE ENCOURAGED FORD TO PURSUE ITS INTEREST IN BELIEF THAT A FORD PROJECT IN EGYPT WILL NOT ONLY BENEFIT THE COUNTRY, BUT MIGHT ALSO ENCOURAGE OTHER AMERICAN COMPANIES TO TAKE ANOTHER LOOK AT INVESTING IN EGYPT. WE HAD BEEN GRATIFIED AND ENCOURAGED THAT MEMORANDUM OF AGREEMENT HAD BEEN SIGNED IN CAIRO ON MAY 8, 1977. SUBSEQUENTLY, WE WERE DISTURBED TO HEAR THAT MININDUSTRY HAD SUBMITTED SOME NEW CONDITIONS TO FORD, WHICH HAVE RAISED QUESTIONS AT HOME WHETHER GOE REALLY SERIOUS IN WANTING FORD PROJECT. NO ONE COULD BLAME GOE FOR WANTING BEST DEAL POSSIBLE, BUT OUR UNDERSTANDING WAS THAT CUSTOMS DIFFERENTIAL PROPOSED BY MININDUSTRY--IF INSISTED UPON--IS A JOB
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STOPPER. I HAD BEEN TOLD THAT MINECON HAS INVITED FORD REPS VISIT EGYPT SEPTEMBER 10 FOR FUURTHER TALKS. I HOPED THAT BETWEEN NOW AND THEN GOE WILL STUDY MATTER CAREFULLY WITH A VIEW TO WORKING OUT SOME MUTUALLY ACCEPTABLE SULUTION TO CUSTOMS DIFFENTIAL PROBLEM.

2. PRIMIN SALEM LISTENED CAREFULLY AND THEN RECALLED THAT HE PERSONALLY HAD HAD TWO MEETINGS WITH FORD REPS. HE HAD LONG KNOWN FORD OPERATION IN ALEXANDRIA AND WAS GRATEFUL THAT FORD HAD RETAINED EMPLOYEES DURING PAST EIGHT YEARS. HE STATED CATEGORICALLY THAT GOE WANTS FORD PROJECT. HOWEVER, INTIAL FORD DEMANDS HAD BEEN UNREASONABLE, HENCE UNACCEPTABLE. SUBSEQUENT NEGOTIATIONS HAD INDEED RESOLVED MOST OF OUTSTANDING ISSUES. IT WAS TURE THAT MININDUSTRY HAD QUITE RECENTLY RAISED SOME NEW POINTS. PRIMIN THOUGHT THESE POINTS COULD BE WORKED OUT. SUPVEME INVESTMENT COUNCIL SCHEDULED MEET SUNDAY TO DISCUSS, AMONG OTHER THINGS, FORD PROJECT. HE HAD TOLD MININDUSTRY THAT LATTER'S VIEWS WOULD BE CONSIDERED AT THAT MEETING ALONG WITH OTHER PERTINENT FACTORS (UNSPECIFIED). HE HAD TOLD MININDUSTRY THAT NASCAR COULD, IF NECESSARY, BE GIVEN SIMILAR PROTECTION IF IT DID NOT ALREADY HAVE IT. HE EXPECTED COUNCIL TO MAKE DECISION RE PROJECT AND WAS CONFIDENT IT WOULD BE POSIPIVE. HE WAS CONFIDENT THAT A "FINAL" AGREEMENT COULD BE SIGNED DURING SEPTEMBER 10 FORD VISIT.

3. TOLD PRIMIN I WAS GRATIFIED TO HEAR THIS. I THEN ASKED ABOUT BOYCOTT. IT WOULD CLEARLY BE HELPFUL IF, ONCE PROJECT APPROVED, GOE WOULD LEND ITS ACTIVE SUPPORT TO REMOVING FORD FROM BOYCOTT LIST. PRIMIN INDICATED GOE WILL DO SO. IF "SOME OTHER ARAB" GOVTS
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PROVE STUBBORN, GOE WILL DISREGARD THIS AND WILL STILL PERMIT FORD TO WORK IN EGYPT.

4. ASSUME DEPT WILL BRIEF WILLIAMS AND FREDERICKS ON MY TALK WITH PRIMIN.

5. FOR ALEXANDRIA: PLEASE INFORM OUROUSSOFF IN STRICT CONFIDENCE OF ABOVE.
EILTS

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Message Attributes

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Sent Date: 24-Aug-1977 12:00:00 am
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